

Department of Insurance and Securities Regulation

www.disr.dc.gov

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$9,766,310	\$9,725,424	-0.4

The mission of the Department of Insurance and Securities Regulation (DISR) is to provide fair, efficient and fast regulatory supervision of the insurance and securities businesses for the protection of the people of the District of Columbia. In addition, the agency also creates conditions that will attract and retain national and international insurance and other financial service businesses to the District.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Position the District of Columbia to be an international financial center by FY 2004 by attracting at least 10 new insurance companies to the District and increasing revenues from the insurance and securities industries by 10 percent above the previous year.
- Increase the number of community outreach programs by 20 percent by FY 2004.
- Improve investor confidence and protection by increasing by 10 percent the number of securities related regulatory actions.
- Increase by 20 percent the number of investor awareness events and the number of compliance seminars by FY 2005.
- Continue to explore innovative ideas for dealing with the rising cost of health insurance by proposing comprehensive legislation that will seek to address its availability and affordability.
- Continue to seek innovative solutions to make workers' compensation and property insurance, and other types of insurance available to consumers, through participation in National Association of Insurance Commissioners (NAIC) committees, proposing legislation, and working with the insurance industry.

Did you know...

Number of domestic insurance companies in the District in FY 2002.	13
Revenues provided to the General Fund from insurance and securities businesses in FY 2002.	\$48.6 million
Number of insurance and securities forms submitted electronically through the agency's website in FY 2002.	7,865

Where the Money Comes From

Table SR0-1 shows the sources of funding for the Department of Insurance and Securities Regulation.

Table SR0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Special Purpose Revenue Fund	7,518	8,346	9,766	9,725	-41	-0.4
Total for General Fund	7,518	8,346	9,766	9,725	-41	-0.4
Gross Funds	7,518	8,346	9,766	9,725	-41	-0.4

How the Money is Allocated

Tables SR0-2 and 3 show the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level) and FTEs by fund type.

Table SR0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
11 Regular Pay - Cont FullTime	4,696	5,278	6,413	6,710	298	4.6
12 Regular Pay - Other	101	134	0	0	0	0.0
13 Additional Gross Pay	93	72	75	35	-40	-53.3
14 Fringe Benefits - Curr Personnel	768	889	1,007	1,007	0	0.0
15 Overtime Pay	0	42	0	40	40	100.0
Subtotal Personal Services (PS)	5,658	6,415	7,495	7,792	297	4.0
20 Supplies and Materials	39	44	58	66	8	14.6
31 Telephone, Telegraph, Telegram, Etc	65	70	71	62	-10	-13.7
32 Rentals - Land and Structures	813	801	815	890	75	9.1
40 Other Services and Charges	324	451	511	499	-12	-2.3
41 Contractual Services - Other	300	175	150	100	-50	-33.3
50 Subsidies and Transfers	99	104	130	78	-52	-39.8
70 Equipment & Equipment Rental	219	286	537	239	-298	-55.5
Subtotal Nonpersonal Services (NPS)	1,860	1,931	2,272	1,933	-338	-14.9
Total Proposed Operating Budget	7,518	8,346	9,766	9,725	-41	-0.4

Table SR0-3

FY 2004 Full-Time Equivalent Employment Levels

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
General Fund						
Special Purpose Revenue Fund	81	91	103	103	0	0.0
Total for General Fund	81	91	103	103	0	0.0
Total Proposed FTEs	81	91	103	103	0	0.0

Gross Funds

The proposed budget is \$9,725,424, representing a decrease of 0.4 percent from the FY 2003 approved budget of \$9,766,310. There are 103 total FTEs for the agency, representing no change from FY 2003.

General Fund

Special Purpose Revenue Funds. The proposed budget is \$9,725,424, a decrease of

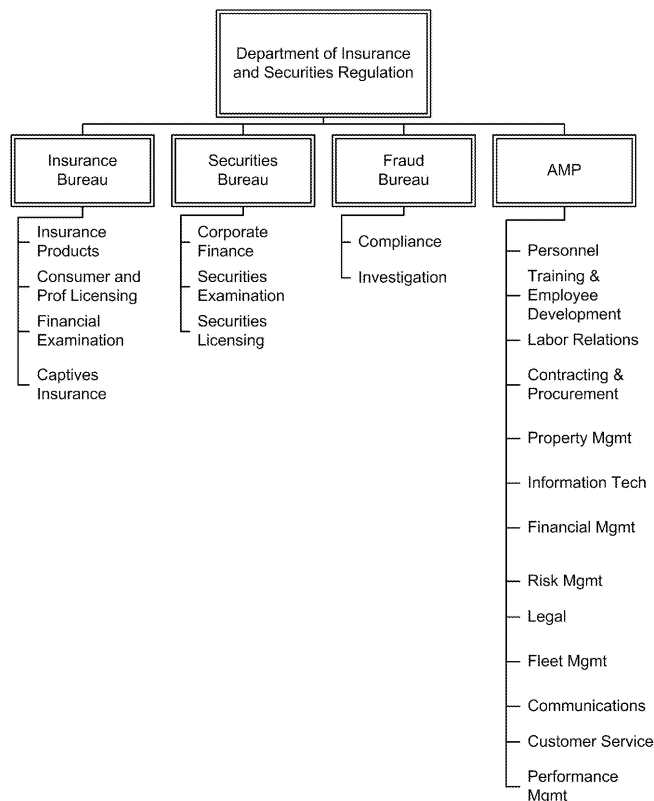
\$40,886 from the FY 2003 approved budget of \$9,766,310.

There are 103 FTEs funded by Special Purpose sources, representing no change from FY 2003.

Changes from the FY 2003 approved budget are:

- An increase of \$297,428 for personal services adjustments.

Figure SR0-1

Department of Insurance and Securities Regulation

- A reduction of \$203,913 in nonpersonal service in equipment costs.
- An increase of \$16,282 to reflect fixed costs estimates.
- A reduction of \$150,683 to reflect revised revenue estimates.

Programs

The Department of Insurance and Securities Regulation is committed to the following programs:

Securities Bureau

	FY 2003*	FY 2004
Budget	\$1,632,876	\$1,752,632
FTEs		16

* FY 2003 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2003 for this agency because the agency had not yet created its new program structure based on performance-based budgeting.

The **Securities Bureau** program primarily supports the Citywide Strategic Priority area of Making Government Work. The purpose of this program is to regulate the securities industry so that it can comply with the laws and regulations of the District. Key activities of the program include:

- Corporation Finance - This activity provides effective review and analysis about certain securities offerings to investors so they can receive full disclosure as required by the D.C. Code.
- Licensing - This activity provides for licensing and registration services for securities professionals so that they are in compliance with the D.C. Code.
- Examinations - This activity provides for public information through the performance of examinations of financial condition and regulatory compliance of securities firms and their representatives so that they can have effective measures for achieving compliance with D.C. Code.

Key initiatives for this program are to:

- Implement Phase II of the Investment Adviser Registration Depository System for the registration of investment advisers.
- Acquire and install the Securities Tracking

and Registration (STAR) system modules for automated management of compliance activity of broker-dealers and investment advisers.

- Implement a program for on-site examination of broker-dealers and investment advisers in coordination with other federal and state regulatory agencies.
- Use web-based complaint and inquiry system for communication with members of the public and the securities industry.
- Develop a coordinated response to common securities regulatory issues affecting banks, insurance companies and broker-dealers and investment adviser firms in response to federal Gramm-Leach-Bliley legislation.

For more detailed information regarding the proposed funding for the activities within this program please see schedule 30-PBB in the FY 2004 Operating Appendices volume.

Key Result Measures

Program 1: Securities Program

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Theodore Miles

Supervisor(s): Lawrence H. Mirel,
Commissioner

Measure 1.1: Percent of the securities offerings reviewed by Securities Bureau

	Fiscal Year	
	2004	2005
Target	90	90
Actual	-	-

Measure 1.2: Percent of the applications process completed within 25 days

	Fiscal Year	
	2004	2005
Target	95	95
Actual	-	-

Measure 1.3: Percent of DC-based firms examined within 12 months

	Fiscal Year	
	2004	2005
Target	15	20
Actual	-	-

Insurance Bureau

	FY 2003*	FY 2004
Budget	\$5,027,044	\$5,265,339
FTEs	-	52

* FY 2003 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2003 for this agency because the agency had not yet created its new program structure based on performance-based budgeting.

The **Insurance Bureau** program primarily supports the Citywide Strategic Priority area of Making Government Work. The purpose of the Insurance Bureau Program is to regulate the insurance industry in the District in order to protect the interests of consumers and ensure that insurance companies are in compliance with the laws and regulations of the District. Key activities of the program include:

- **Insurance Products** - This activity provides regulation of sales, marketplace practices and products offered in the District to policyholders so that all products comply with D.C. Code.
- **Financial Examination** - This activity provides solvency and compliance monitoring, rate approval, and technical assistance for the insurance industry, other regulators and the public so that there is a viable insurance market in the District.
- **Captive Insurance** - This activity provides solvency and compliance monitoring, and technical assistance for the captive insurance licensure so that there are significant opportunities for large organizations to acquire insurance in the alternative market.
- **Consumer and Professional Services** – This activity provides licenses to insurance companies and producers as well as complaint resolution for consumers in the District so that the companies are in compliance with D.C. Code and the consumers can resolve their disputes with the insurance companies.

Key initiatives for this program are to:

- Participate in National Insurance Producer Registry allowing for one-stop licensing for nonresident agents.
- Replace the current licensing system with a web-based system, in order to make the ser-

vice more accessible to the public.

- Develop automated procedures that would provide uniform financial review and licensing processes for captive insurance agencies.

For more detailed information regarding the proposed funding for the activities within this program please see schedule 30-PBB in the FY 2004 Operating Appendices volume.

Key Result Measures

Program 2: Insurance Bureau

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Margaret Schruender

Supervisor(s): Lawrence H. Mirel,
Commissioner

Measure 2.1: Percent of policy forms approved or rejected within 45 days

	Fiscal Year	
	2004	2005
Target	90	90
Actual	-	-

Measure 2.2: Number of domestic insurers examined within the fiscal year

	Fiscal Year	
	2004	2005
Target	6	6
Actual	-	-

Measure 2.3: Percent increase in the number of captive companies licensed over previous year

	Fiscal Year	
	2004	2005
Target	100	100
Actual	-	-

Measure 2.4: Percent of complaints responded to within 48 hours and resolved within 45 days

	Fiscal Year	
	2004	2005
Target	95	95
Actual	-	-

Fraud Bureau

	FY 2003*	FY 2004
Budget	\$694,711	\$150,356
FTEs	-	0

* FY 2003 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2003 for this agency because the agency had not yet created its new program structure based on performance-based budgeting.

The **Fraud Bureau** program primarily supports the Citywide Strategic Priority area of Making Government Work. The purpose of the Fraud Bureau Program is to provide investigations, determinations, and referrals for insurance and securities companies suspected of fraud in order to protect the interests of the residents and consumers within the District. Key activities of the program include:

- Compliance - This activity provides regulatory guidance, training, data analysis and reporting guidelines for securities/insurance entities, DISR, and other jurisdictions so they can be in compliance with insurance and securities requirements.
- Investigation - This activity provides violation evaluations, investigation, and remedies to individuals, insurance and securities entities and other jurisdictions in order to prevent, detect, and prosecute fraudulent insurance activities.

Key initiatives for this program are to:

- Participate in National Association of Insurance Commissioners (NAIC) anti-fraud committee activities to standardize and enhance the DISR Fraud Bureau's operational procedures.
- Participate with NAIC and federal authorities in the creation of a securities and insurance anti-fraud information network.
- Amend the current fraud statute to obtain limited law enforcement status.
- Enact legislation creating a civil penalty for fraudulent insurance activity.

For more detailed information regarding the proposed funding for the activities within this program please see schedule 30-PBB in the FY 2004 Operating Appendices volume.

Key Result Measures

Program 3: Fraud Bureau

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Stephen Perry

Supervisor(s): Lawrence H. Mirel,
Commissioner

Measure 3.1: Percent compliance with filings of insurance anti-fraud plans within 6 months of licensing date

	Fiscal Year	
	2004	2005
Target	100	100
Actual	-	-

Measure 3.2: Number of insurance and securities fraud investigations closed by end of fiscal year

	Fiscal Year	
	2004	2005
Target	177	212
Actual	-	-

Note: Measure 3.2 previously appeared as Measure 1.4.

Agency Management

	FY 2003*	FY 2004
Budget	\$2,411,679	\$2,557,097
FTEs	-	35

* FY 2003 program funding levels are presented for comparison purposes only. Program budgets did not exist for FY 2003 for this agency because the agency had not yet created its new program structure based on performance-based budgeting.

The purpose of the **Agency Management** Program is to provide the operational support to the agency so they have the necessary tools to achieve operational and programmatic results. This program is standard for all Performance-Based Budgeting agencies. More information about the Agency Management program can be found in the Strategic Budgeting chapter."

For more detailed information regarding the proposed funding for the activities within this program please see schedule 30-PBB in the FY 2004 Operating Appendices volume.

Key Result Measures

Program 4: Agency Management

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Lawrence H. Mirel, Commissioner

Supervisor(s): Lawrence H. Mirel, Commissioner

Measure 4.1: Dollars saved by agency-based labor management partnership project(s)

	Fiscal Year	
	2004	2005
Target	-	-
Actual	-	-

Note: Agencies are establishing their cost-saving projects during the second-third quarters of FY 2003.

Measure 4.2: Percent of DISR activities with long—range IT plans

	Fiscal Year	
	2004	2005
Target	95	95
Actual	-	-

Measure 4.3: Percent variance of estimate to actual expenditure (over/under)

	Fiscal Year	
	2004	2005
Target	5	5
Actual	-	-

Measure 4.4: Percent reduction of employee lost work-day injury cases (DISR) — wide as compared to FY 2003 baseline data (baseline data will be compiled during the fiscal year)

	Fiscal Year	
	2004	2005
Target	-10	-10
Actual	-	-

Measure 4.5: Number rating of agency on all four telephone service quality criteria: 1)Courtesy, 2)Knowledge, 3)Etiquette and, 4)Overall impression

	Fiscal Year	
	2004	2005
Target	4	4
Actual	-	-

Measure 4.6: Percent of Key Result Measures achieved

	Fiscal Year	
	2004	2005
Target	70	70
Actual	-	-

